

**Internal Control Assessment
FSA's Capital Assets Transactions Segregation of Duties**

Purpose

To ensure that proper internal controls exist regarding FSA's capital assets transactions and a segregation of key duties and responsibilities among employees.

Background

In accordance with the General Accounting Office's (GAO) Standards for Internal Controls in the Federal Government, FSA must ensure segregation of duties to reduce the risk of error, waste, or wrongful acts. Separate employees should be responsible for the following functions involving the acquisition and retirement of capital assets:

- Authorizing
- Approving the acquisition
- Receiving assets
- Making payments
- Recording the transactions
- Reconciling transactions
- Periodic physical inventory
- Retirement / Disposal

FSA must ensure that duties and responsibilities are assigned systematically to different employees to ensure that the necessary checks and balances exist. No one employee should have total control over all aspects of a transaction. Managers must also exercise appropriate oversight to ensure that employees don't exceed or abuse their assigned responsibilities.

Internal Control Standard

FSA must maintain proper segregation of duties for its capital assets transactions.

Assessment of FSA's Compliance^{*}

We interviewed FSA's management on segregation of duties regarding the handling of capital assets and determined that some critical transactions that must be executed by separate employees were performed by the same employee.

^{*}The actual testing phase including interviews and examination of sampled records has not yet occurred. This write-up is only a sample of what may be discovered during the testing phase of the FMFIA process.